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4 PRE-PROPOSAL CONFERENCE MINUTES
5 December 12, 2001
6 9:09 a.m. to 10:20 a.m.
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14 APPEARANCES:

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1 December 12, 2001

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5 MR. WILSON: My name is Frank
6 Wilson. I'm with the Corps of Engineers in Forth Worth.
7 We are passing a roster around for everybody to sign in,
8 and that will be attached to the set of minutes that
9 will be issued, so therefore, it will say who is here,
10 get phone numbers, and company names.

11 Al, would you like to present yourself?

12 MR. KHATENA: Sure. I'm Al Khatena,
13 and I'm the program manager for the medical job order
14 contract program that the Army medical command has, and
15 it covers the nation. This solicitation is one contract
16 out of the few that is going to be specifically set
17 aside for work at Fort Lewis on medical and associated
18 facilities, so we call it our site-specific 8(a) med
19 job, and so we just set aside for 8(a) contractors.

20 The program covers construction of medical
21 associated facilities under the Davis Bacon Act, and we
22 also have a design component that we have that is called
23 work plan development. So it becomes pretty much a
24 turnkey effort.

25 Some of the -- some of the work plan effort will

1 require professional services, and some may not. We
2 will collectively make that determination. If the
3 government decides that they don't want to do
4 professional services, then your work plan effort, in
5 terms of documenting the construction that's going to
6 take place, will be very minimal. It will be line
7 drawings, typically schematics, things like that,
8 catalog cuts.

9 If professional services are ordered, then you're
10 directed to look at the architectural engineering
11 instruction manual that is part of the solicitation
12 right now under the notes button, for lack of -- in the
13 electronic copy, for lack of a better term, and that
14 will then guide you in terms of the definitions of what
15 the deliverables are and in terms of professional
16 services being ordered.

17 They go in -- there are six stages. It runs from
18 about a zero to 5 percent design all the way up to 100
19 percent design, and each stage takes you to the next
20 increment. If, in fact, the government has a design
21 already to a certain stage and we want to take it to the
22 next stage, we will then decrement the amount of effort
23 in order to just pay for the effort that we are looking
24 for to take it to the next level.

25 The unit price book associated items with the --

1 associated with the professional services is under
2 Section 0.1900. And so the titles of those line items
3 are associated with the AEIM so it becomes very easy to
4 cross-reference, but the definitions are as such, and
5 you have to look at that and be aware.

6 And what you will be doing is applying a
7 coefficient to -- you'll have a work plan element in the
8 bid schedule, and you'll have a construction element in
9 the bid schedule separated so that we don't want to
10 encumber work plan development in the construction cost.
11 Keep it separate. So you'll want to look at that, and
12 it's applying the overhead and profit.

13 The idea is for you-all to be able to deal more
14 directly with Madigan. And Jeff Heim, at some point, is
15 going to be assigned some COR duties that it's agreed
16 he's willing to take on, and it may be a shared effort
17 between Fort Worth District Corps of Engineers, myself
18 and my team, and Madigan. So we still have yet to work
19 out our details.

20 But in any case, work will be ordered as is
21 discussed in the sections of the contract ordering
22 procedures in Section H, and the paragraph is 9, H.9. A
23 lot of the work plan discussions are shared between
24 Section C and Section H.9. I'm trying to think of what
25 paragraph in Section C. You'll have to look in

1 Section C under work plan.

2 Okay. There is a work plan development -- again,
3 this is all professional services stuff. There is a --
4 there is a schedule that is -- that depicts duration for
5 each stage, and there is a game plan about how do you --
6 how do you deal with stages that have already been done
7 and you want to go to the next stage, how do you
8 compress schedules, and all that. Look in Section H.9
9 again.

10 Section C, work plans start at C.2.2.5.1, Page C-3
11 currently, and it -- it lists the six stages. And then
12 when you get further down into that, at C.2.2.5.1.4, it
13 depicts what constitutes a work plan package. Okay?
14 There are a number of items in there, so you want to pay
15 close attention to the requirements on that.

16 I think that's good enough from my point of view.
17 Frank, do you want anything -- do you want to start your
18 part in this? Oh, you know what, Frank? Let me -- Jeff
19 has told me that he had to be out of here by, what,
20 10:15?

21 MR. HEIM: I've got to leave here in
22 about an hour. I've got about an hour before I need to
23 sneak out for a little bit.

24 MR. KHATENA: You may want to say
25 what you want to say.

1 MR. HEIM: I'm Jeff Heim. I'm the
2 acting facility director and chief of technical services
3 here at Madigan, so we're the primary user of the
4 contract. And I've got a core group of about six to
5 eight engineers and technicians who will be the project
6 managers for the projects that the eventual contractor
7 will be working with.

8 At this point, we still have a budget from Uncle
9 Sam, and it's kind of holding us up in our -- our money
10 comes from our headquarters in San Antonio, so at this
11 point -- I would like to have been able to give the
12 group kind of an overview of kind of the projects that I
13 would foresee coming down the road, but I can't do that
14 quite yet. I guess we can get into that later with some
15 questions, but the work really encompasses maybe 50/50
16 work in this facility itself, and then we have the old
17 Madigan campus, which is about a half mile away -- I
18 don't know if you folks are familiar with the old
19 hospital -- and we have a lot of tenants over there,
20 1945 vintage facility, totally different than this.
21 And we occasionally do a lot of renovation and upgrades
22 to that facility. So this is going to encompass kind of
23 a wide variety of things.

24 The job contract that we've been using now, we
25 utilize it for just about everything, electrical,

1 mechanical, architectural. The professional services
2 that are in this new contract are new to us, and I'm not
3 sure how we will utilize that. I have a staff of -- a
4 full complement of engineers, electrical, mechanical,
5 environmental. We have an architect. So in terms of
6 trying to guess for you how much of the professional
7 services we would be ordering, I'm not really sure. If
8 we get into sophisticated architectural design, we don't
9 have a structural engineer, so I see that as perhaps one
10 area that we would utilize, and maybe some of our more
11 sophisticated electrical/mechanical projects, but it's
12 really hard for me to answer those questions right now.
13 It's kind of a new tool for us, and we'll be working
14 with you on really figuring out where your talents are
15 and how we can utilize you best.

16 That's about all I can think of at the moment.
17 I'll stick around here for another hour and hopefully
18 answer any specifics that you have.

19 MR. KHATENA: Let me ask one
20 question here. Is there anybody here that is not
21 familiar with the job order contract? No? Everybody --
22 so everybody is familiar, so you're familiar with the
23 unit price book and how that works. Good.

24 Okay. Frank?

25 MR. WILSON: Okay. I'm the contract

1 specialist that will be overseeing the selection
2 procedure and -- for the contracting officer, so any
3 questions you will have as far as contracting concerns
4 or the procedure will come to me. I'm going to sort of
5 explain the procedure that explained here is in the
6 solicitation to look for. I do have some handouts, but
7 here again, everything that's said in these handouts
8 will also be a part of the minutes that will go into the
9 solicitation.

10 The technical review procedure will consist of
11 members from the Fort Worth district. It will also
12 consist of MEDCOM personnel that will -- that will sit
13 in on the selection board and evaluate the technical
14 proposals. After receipt of proposals, the first round
15 of reviews will first be with me. I will do a
16 compliance review. I will ensure that all the forms and
17 certifications have been completed.

18 If any data is missing, such as bid bonds or the
19 signed 1442 or acknowledgment of all the amendments --
20 we will still do a technical evaluation even though that
21 information is not there; however, if we do a technical
22 evaluation and we feel we have a contractor that we can
23 award to immediately, those that did not do the bond,
24 did not sign the 1442, did not acknowledge amendments
25 will automatically be dropped. They will not get the

1 award.

2 But if we do go to a second round where we ask
3 for -- ask questions as far as your proposal and give
4 you deficiencies in your proposals, if we go to that
5 round, then the firms that did not have the bonds, did
6 not have the 1442, did not acknowledge amendments, they
7 will be given the opportunity to correct those at that
8 time.

9 One thing that will be done up front is we will
10 present the names of the firms to SBA for them to give
11 us a verification that they -- that you-all meet the
12 requirement of the solicitation as far as being an 8(a)
13 contractor within their umbrella. If they say you're
14 not a contractor within their umbrella, we will not do a
15 technical review. There would be no need for us to do a
16 technical review because there's no way we can make an
17 award to that firm.

18 We will also do -- after that round has been done,
19 the -- all the proposals that are in compliance, here
20 again with 8(a) mostly, those will go to the technical
21 evaluation board. It usually consists of four to five
22 people. Each person will review the proposal in its
23 entirety, score it individually. Then after the board
24 has all done their individual scoring, then they will
25 get together and do a combined scoring.

1 It will not be an averaging. It will just be --
2 they will discuss what they saw versus what somebody
3 else might not have seen, or in the case they might have
4 had different interpretations of what the contractor
5 might have meant, or they might find that there was a
6 discrepancy, one section said this and another section
7 said that and so there's a conflict. So these are the
8 kind of things they will discuss. And after that point,
9 they will score it as a consensus scoring to come up
10 with a final scoring at that point.

11 Now, price and cost evaluations, that will not be
12 rated. The technical scoring team will not even see
13 your price and costs. Price and costing will be
14 confined to our estimating section and the contracting
15 officer. Those will not be rated, but they will be
16 evaluated for reasonableness, realism, and affordability
17 as required by FAR part 31.

18 Okay. Now, Section L states the government will
19 award a firm fixed-price contract to that responsible
20 offer whose proposal conforming to the solicitation is
21 fair and reasonable and has been determined to be the
22 most advantageous to the government. Quality comprised
23 of technical approach and performance capability
24 factors, price, and other factors considered.

25 Also, the government reserves the right to accept

1 other than the lowest priced offer. And offers are
2 reminded to include their best technical and price terms
3 in their initial offer and not to automatically assume
4 they will have an opportunity to participate in
5 discussion or be asked to submit a revised proposal.
6 The government may make an award of a conforming
7 proposal without discussions if deemed to be within the
8 best interests of the government.

9 So if the proposal has no deficiencies -- that's
10 going to be the first thing the contracting officer is
11 going to look at. Are there deficiencies? If we say we
12 want a project manager to have X number of years of
13 education, X number of years of experience, X number of
14 years of similar-type work under a job condition, if he
15 fails to meet that, then that is a deficiency. The
16 contract cannot be awarded under those conditions.

17 So therefore, if somebody does meet all the
18 requirements and they're determined fair and reasonable,
19 we'll make an award. If we have to go to -- but if
20 anybody has deficiencies or if everybody has
21 deficiencies and no award can be made, then it will be
22 presented -- or they'll go back to the contractors with
23 questions for you-all to resolve the issues.

24 The contracting officer will -- the contracting
25 officer at this point will establish the competitive

1 range as outlined by 415.306 C. This will be comprised
2 of the most highly rated proposal's technical price. So
3 bottom line is -- not likely to happen, but let's say we
4 get ten proposals. The contracting officer doesn't want
5 to go to ten contractors and have them all compete for
6 the second round. The contracting officer is going to
7 look over the technical proposals of the pricing and
8 narrow it down to maybe the top maybe three, four, or
9 five firms.

10 So there mentally will be a break somewhere that
11 they will say, "These are not likely to make an award.
12 These are likely to make an award," and they'll cut it
13 off at that point. And the firms that do not get to the
14 second round will be given notification that they failed
15 to go to the next round, and the ones that are in the
16 competitive range will be given an opportunity to make
17 corrections.

18 Each firm in competitive range will be contacted
19 either verbally or in writing, more than likely in
20 writing, and at that point, that will establish
21 discussions. Contractors will be required to submit
22 technical changes by an established due date or letter.
23 We'll tell you when they're due. The technical
24 evaluation board will reconvene and review the revision
25 individually and do a consensus review and rescore.

1 So what they're going to do is if we go to you and
2 say, "All right. Here are things that you need to look
3 at and re-evaluate and address and either elaborate more
4 or completely change out," solicitation tells you that
5 you're to do that on the spot as insert sheets. In
6 other words, take out a sheet of your original proposal,
7 insert the corrected sheet and replace it. It will be
8 marked as a replacement either by a color -- you can put
9 a different sheet color paper in there, whatever the
10 case may be.

11 That is the only thing that board will look at is
12 those revision sheets. That original proposal will be
13 put away and locked up. They will just basically see
14 your revisions and did you make the revisions they asked
15 for. And if you did or didn't, they will rescore you
16 and re-evaluate your proposal. Okay. They'll do that
17 individually, just like the original solicitation. Then
18 they'll come back and do a consensus as a group to
19 establish any final score.

20 After all discussions about the technical
21 proposal, the contractors will be requested to submit
22 their final revision technical price. So if we do go to
23 you to discussions, we will come back at least one more
24 time to say, "All right. Give us your best and final."
25 Usually, when we're asking for that best and final, it's

1 usually just the price.

2 When we do go to that second -- if we do go to
3 that second round discussion, not only technical will be
4 proposed to you, but if there's a problem we feel with
5 your pricing, you will be -- that will also be addressed
6 to you, to revalue pricing either up or down. I mean,
7 I've had times where I've had to tell contractors, "We
8 think you're too low. We don't think you have
9 everything in your proposal covered, so please
10 re-evaluate it." So we're going to be fair up or down,
11 either case.

12 After we get that final proposal, the final
13 recommendation for award will be submitted to the
14 contracting officer for contract award.

15 (Handouts passed out.)
16

17 MR. WILSON: The number one slide is
18 very, very, very critical. Oral explanations given at
19 this conference are not binding. No matter what I tell
20 you today, it doesn't mean anything. It's what's in
21 this solicitation and any amendments we issue. If a
22 solicitation requirement needs to be revised based upon
23 this conference, if you-all come up with anything that
24 we agree that there might be an error or a
25 misunderstanding, a formal written amendment will be

1 issued.

2 So we can issue these amendments, and I could be
3 telling you everything in here is gray. It's not gray
4 unless the solicitation says it's gray. If the
5 solicitation says it's blue, then it's blue, even though
6 I'm saying it's gray. So unless we amend it, this is
7 the Bible. So no matter what any of the three of us
8 say, if we don't change it, this is it.

9 Now, Section A, the 1442, shows you that the
10 guaranteed minimum base period is 14,000 for this
11 contract. The anticipated amount per the period is
12 700,000 for this contract. Total not to exceed amount
13 for the life of this contract is 3.5 million.

14 Section B, supplies or services, this is where the
15 pricing schedule is. There are five line items within
16 the price schedule. The first two are for your
17 coefficient for the work plan for prepriced and
18 nonprepriced. The second -- the second -- or the next
19 three, excuse me, are totally for construction, and it
20 will be the preprice, the nonpreprice, and any asbestos
21 and lead-based paint abatement.

22 The next key issue under Section B is B.2, the
23 offers. We give you a pretty good listing of what needs
24 to be incorporated into your coefficient. These are
25 things that for sure need to be in there, but we also

1 tell you this is not all-inclusive. So you have to take
2 some determination on your own what else needs to be
3 added. These are key areas that we feel, as the
4 government, needs to be and has to be in your
5 coefficient -- built in to your coefficient.

6 Now, options will be at the discretion of the
7 government. We have the all-inclusive right to issue
8 the option. If we determine that the need is no more --
9 not necessary or if we feel that the work proceeding has
10 not been meeting the requirements of the contract, we,
11 the government, have a right not to issue the option.

12 We will not award options early. We're telling
13 you that the price per period is an anticipated,
14 estimated amount. So our intent is around 700,000, but
15 if we do a million-five in the first year, we're going
16 to -- we will stay within that 12-month period for the
17 base. We won't award an option early. We, in fact,
18 could award the entire contract within the base year and
19 never award an option ever.

20 The whole deal is to keep that coefficient for
21 twelve months no matter how much we award or don't
22 award. We could award 50,000 in the first year, but in
23 the second year award 450,000. So it just depends on
24 what the work is, what the money comes up, and how
25 things go.

1 The next area is the area cost factor index.
2 Everything about this contract is based upon Fort Lewis.
3 The unit price book is based upon Fort Lewis,
4 Washington.

5 B.7, performance and payment bonds, in the past,
6 performance and payment bonds have been excluded from
7 the coefficient, but they're now back in there. When
8 JOC were first invented, the coefficient included it.
9 Then they decided, no, we have to have that separate;
10 you bill it separate. Well, it's back into the
11 coefficient, so there will not be a separate payment for
12 performance and payment bonds.

13 Paragraph B.8, adjustment to unit price for the
14 option years, this explains how we will increase the
15 option coefficient. It will be a mathematical
16 procedure. You will not be bidding for any outlay in
17 years. You're just going to bid the one base period,
18 and after that, this procedure will be used to increase
19 or decrease -- not likely -- your option.

20 Section C, this is the description and
21 specification work statement, very critical. This is
22 probably one of the three most important sections of the
23 solicitation. Now, at time of award, some of the
24 sections drop out, such as L and M and K. They drop out
25 because they're no longer part of the -- because that

1 was all presolicitation information. This C will be for
2 the life of the contract. So it's very critical that
3 you get a full grasp of C.

4 Section D is a real difficult section because we
5 didn't use it, so the interpretation is very loose.
6 Section E is your inspection and acceptance. It's just
7 three clauses, very simple, very cut and dry and to the
8 point.

9 Section F is your deliveries or performance. Here
10 again, there's only five clauses. This discussed time
11 extensions, extensions because of weather, liquidated
12 damages for the construction, and periods of
13 performance. So it's a short section, but it's still
14 just as important as anything else.

15 Section G is the contract administration data.
16 It's only nine clauses, but it deals with accounting
17 appropriations for indefinite delivery contracts. It,
18 of course, has a payment clause, but I know none of you
19 are interested in that clause, so we'll proceed on to I.

20 I is the contract clauses. Those will be -- oh,
21 we somehow -- no, I skipped H. I'm sorry. H is special
22 requirements. This really is also an important section,
23 and it will stay there for the life of the contract.
24 Some of the main contract information is H.5, minimum
25 contract value and, now as Al has mentioned, H.9, which

1 is the ordering procedures. Then H.32, the ADP support
2 environments for the contract, very important. All that
3 will be part of your coefficient, so make sure you've
4 got it all covered as part of your contract.

5 Section I is the contract clauses. Those are
6 basically straight out of the regulations. There's no
7 way to edit them or get around them or get away from
8 them. Those are there, and we've got to live with them.

9 Section J is your attachments, basically division
10 one, the technical specs, and then the unit price books,
11 which are very, very critical. Make sure you look at
12 that unit price book. Make sure you see the quirks in
13 it. I guarantee you there are going to be some things
14 that are going to be underpriced; there's going to be
15 some things that are going to be overpriced.

16 Once the contract is awarded, you live with those
17 prices, so your coefficient needs to be adjustable --
18 you know, take care -- or take into consideration those
19 areas that might be wrong. If you find something before
20 award that you feel is a real, real heartbreaker, it's
21 your duty to get with -- basically with me, send me an
22 e-mail or a fax or something, saying your concerns.
23 This will be forwarded to Al, and Al will forward it as
24 necessary to see if this needs to be adjusted because,
25 here again, once that contract is awarded, you live or

1 die with those prices and, needless to say, Fort Lewis
2 will live or die with those prices.

3 Also, we've added the JOC guide, August '98 issue,
4 which hopefully hasn't -- to my knowledge hasn't been
5 upgraded since then. In the past, we've never put this
6 in there. We are now making it part of the contract
7 because there are some areas in that JOC guide that the
8 solicitation doesn't address and has come into issue,
9 into play, in the past under other JOC contracts. So
10 we've decided, at least in our district, to add the
11 guide to it to make it part of the contract, that you
12 could live or die with that too.

13 Attachment 6 is wage determination decisions.
14 Once the contract is awarded, those wage determinations
15 are for the life of the contract. They will not be
16 changed. They will not be amended in any way. They are
17 there.

18 In the past, our biggest problem with awarding the
19 contract in a timely manner is the wage determinations
20 are changed weekly. And in fact, when Al and I were
21 trying to award the job order contracts nationwide, the
22 last four amendments were nothing but putting in wage
23 determinations. And therefore, when we came to the
24 final pricing, we gave the contractor less than two days
25 to turn around with his final price because we issued an

1 amendment that Friday with the new determination, gave
2 him his letter, and we said your proposal is due on
3 Tuesday morning because we had to make the award by
4 Thursday because we knew Friday would be another set of
5 determinations which would require another amendment.
6 So we had to do it within that time frame.

7 Fort Lewis probably won't be that big of a deal
8 because it's the one determination for just Fort Lewis,
9 where with the ones we did for nationwide was across the
10 nation. It's kind of hard to avoid one change in that
11 week period.

12 Section J also has the affirmative action plan.
13 That's critical for you to make sure you keep that in
14 mind. Section K is your representation certification
15 and other statements and offers. That is required to be
16 filled out in its entirety and submitted with your
17 original proposal. That would also be a breaker, that
18 if you do not submit it and if we don't go to
19 discussions and you didn't submit it, you would
20 therefore also be left out of the running.

21 Now, we get to the fun sections, Section L and M.
22 There are a few local clauses and such, and there are a
23 few FARs, but the big issues in Section L will be
24 L.11 -- needless to say that's pre-proposal
25 conference -- L.34, the requirement for central

1 contractor registration. You must be registered. If
2 you're not registered at the time of award, an award
3 can't been made. You don't have to be registered at the
4 time you submit your proposal, but if we award a week
5 later and you're still not registered, you don't get the
6 award. So it's critical you get the award -- or get the
7 registration done prior to the contracting officer
8 signing the document.

9 MR. HARTSO: Are you saying that
10 this 11 is this preconference we're having now?

11 MR. WILSON: Yes.

12 MR. HARTSO: And is this a mandatory
13 preconference?

14 MR. WILSON: No.

15 MR. HARTSO: Okay.

16 MR. WILSON: Page L-13, proposal
17 submission requirements and instructions, this is where
18 it gets to what you are to submit to us to do a
19 technical evaluation. L.36, the directions for
20 submission of offers, this tells you how; L.37, proposal
21 submission instructions; L.38, technical proposal and
22 past performance; and L.39, price proposal.

23 We go to great detail telling you what to submit.
24 Please submit it in the order we're asking it to be
25 submitted. We're not saying you have to submit it that

1 way, but you've got to realize these people that are
2 going to be doing the technical evaluation -- it will be
3 a lot smoother if they can just start Page 1, going all
4 the way down, and you're mapping out just what we've
5 asked for because if they have to start hunting and
6 looking -- I'm not going to say it's going to go against
7 you, but if they can't find it, you're not going to get
8 credit for it. And if it's not in the right place, then
9 you're taking a risk that they won't be able to find it.

10 We ask for you to submit in, I believe, a
11 three-inch binder. If you use a three-and-a-half-inch
12 binder, we will put the paperwork that you submitted
13 into a three-inch binder, and that that does not fit
14 into that three-inch binder will not be evaluated. It
15 will be basically just put in a sealed envelope and
16 never be looked at. So if you have critical stuff in
17 that last half inch, it won't be reviewed; it won't be
18 scored. That could be a cost breaker.

19 Price proposal is, here again, strictly the bid
20 schedule, but we also tell you we want you to provide
21 written backup on how you came up with your coefficient
22 so we'll see what you've included and not included so
23 we'll have a better handle onto the reasonableness of
24 your price.

25 Section M almost repeats the information in

1 Section L. M.4 is your evaluation of technical. M.5 is
2 the criteria for award. M.6 is the evaluation factors
3 for a technical proposal. M.7 is the evaluation factors
4 for your price proposal. What we will do -- what we
5 tell you in M is basically, like I said, repeating L,
6 but it's showing you the relationship of importance.
7 Not only do we not want you to submit it in the order we
8 give you; we'll tell you that is the order of importance
9 also. So technically, if you did send us that
10 three-and-a-half-inch binder, that half-inch part --
11 last half-inch will not be the most critical, but it
12 does give you the order of importance and the percentage
13 of how we rate them within a section. .

14 And that's really all I have. Now the question --
15 now the floor is open to you-all as to whether you-all
16 have any questions about what we've got here and what
17 you need to do.

18 MR. KHATENA: Let me offer you
19 something in terms of that three-inch binder. It's not
20 absolutely necessary that you pack all the stuff into a
21 three-inch binder. If you can be concise and have the
22 kind of information that we're looking for that takes
23 less than a three-inch binder, please feel free to do
24 that. Don't try to make all the fluff and throw in
25 stuff that's just incoherent. We find some of that

1 happening, and it makes it difficult to review. We're
2 just looking for substance, and substance doesn't have
3 to be very voluminous.

4 MR. WILSON: Usually, brochures are
5 of no value. They're usually never looked at because
6 there's nothing really there. All it is is your
7 advertisement for your firm. We've had firms submit
8 videos. We don't look at videos. We want what we're
9 asking for, nothing more, nothing less.

10 Like Al said, don't put the same information in
11 five different places, just put them in the order we ask
12 for and just the information we ask for. It makes it a
13 lot easier on you-all, less work on you-all, but
14 hopefully, it will be a good checking for you-all.
15 Basically, sit there with Section L and your proposals
16 out -- I want this -- and find it. That's the easiest
17 way you can do it.

18 Several years ago, I did an architectural
19 engineering debriefing to a firm that wanted to know why
20 they didn't get selected. Needless to say, we were
21 selecting one firm; there was 98 firms submitted. So it
22 would be -- the odds were not in their favor. So he
23 came to the office, and I set him down in the conference
24 room and said, "I'm not even going to read what we
25 evaluated." I said, "I'm going to just read the CBD

1 announcement of what we asked for. And there's your
2 proposal that you gave to me. You find the information
3 I'm looking for," I said. Because bottom line is, here
4 again, one firm out of 98 was going to get that
5 proposal.

6 So I started reading the CBD and said, "Do you
7 have this?"

8 And he'd turn to the page, "Yeah, right here."

9 And I'd say, "Well, do you have that?"

10 And he'd turn to it, "Right here."

11 The key area that hurt him the most is I said,
12 "Where's architectural hardware specialist?"

13 He said, "Oh, our architect."

14 I said, "Okay. Where does it say in that
15 architect's resume that he is an architectural hardware
16 specialist?"

17 "Well, we know it."

18 I said, "Yeah, but we don't."

19 So we kept on going. There was about three areas
20 in the CBD that he did not cover. And I said, "Now, are
21 you the best qualified for this contract?"

22 He said, "No. I see your point." Same point goes
23 with this. Go through Section L line by line and make
24 sure your proposal is covering line by line what we're
25 asking for because that's exactly what that board is

1 going to do. They're going to look at L and look for
2 exactly what we're asking for, nothing more, nothing
3 less.

4 We're not going to read into anything that you can
5 do. We're not going to rely on Fort Lewis sitting there
6 going, "Oh, well, I know that contractor. Heck, yeah,
7 he can do this." That doesn't count. What counts is
8 what's in the written page, so that's the most
9 important.

10 MR. COX: Frank?

11 MR. WILSON: Yes.

12 MR. COX: A trivial question. On
13 B.1 of your chart --

14 MR. KHATENA: Would you state your
15 name.

16 MR. COX: Casey Cox, J & J
17 Maintenance -- is that a Texas word, or is that a real
18 word? I'm just not familiar with it. The second word,
19 "scheduleion," or something like that.

20 MR. KHATENA: Oh, it's a misprint, a
21 typo. He's pulling your leg.

22 MR. WILSON: Which one?

23 MR. KHATENA: B.1.

24 MR. WILSON: Which leg?

25 MR. COX: Both of them. Well, I

1 thought maybe it was a real word and I was just too
2 ignorant to know the difference.

3 MR. WILSON: It is a real word in
4 Texas. Just take our word for it.

5 MR. COX: So you meant to just say
6 schedule; right?

7 MR. WILSON: Yes.

8 MR. HEIM: Frank, let me make sure I
9 understand this. Because -- Jeff Heim from Madigan --
10 because the book is based on Fort Lewis --

11 MR. WILSON: Correct.

12 MR. HEIM: -- there is no area cost
13 factor; it's one?

14 MR. KHATENA: That's correct. Just
15 so that everybody understands what we're talking about,
16 this area cost factor, since we had -- have nationwide
17 contracts out there, we still had to pick one location
18 that the unit price book had to be based on. And since
19 we knew we were going to do the 8(a) contract, we picked
20 Fort Lewis and used that as the basis for all the
21 pricing.

22 So the contracts for the rest of the nation have
23 to be adjusted somehow, and we put in there cost factors
24 based on information that we get out of our
25 headquarters. Every year or so, it's updated based on

1 indices throughout the United States. And Fort Lewis,
2 in this case, for your purposes, is one, the multiplier.
3 Therefore, the unit price book prices stand as what they
4 are in addition to your multiplier coefficient for your
5 overhead and profit.

6 MR. LeVANDER: Brent LeVander,
7 Centennial Contractors. I have some questions probably
8 for you, Mr. Heim. Is the facility planning on
9 procuring work from both the 8(a) contract and the
10 regional JOC contract?

11 MR. HEIM: Let's see. How do I do
12 this? I mean, we expect to get our money broken free
13 here hopefully within the next couple weeks. We still
14 need to get on with business, and so we're going to be
15 ordering work from J & J up until the point that this
16 8(a) contract comes on board. Then, as I understand,
17 we're somewhat committed to look to you first to go to
18 work. That's the philosophy that we'll be operating
19 under.

20 Now, a lot depends on who you are and -- I mean,
21 we're very anxious to get you on board and to give you
22 some work because we want to be able to have excess
23 capacity, and we want to test run you, see if you're any
24 good, but a lot depends on how the relationship goes.
25 But as I understand it in talking to Al, we're kind of

1 committed to looking to give work to you first when
2 you're on board. We're not absolutely required to go to
3 you -- we have minimums to meet -- but it is our
4 anticipation that we want to, you know, give you a fair
5 share if things work out.

6 I guess that's -- is that appropriate?

7 MR. KHATENA: Yes.

8 MR. HEIM: I mean, we never did get
9 down to the details of this, but... (Pause.)

10 MR. WILSON: Based upon my
11 knowledge, MEDCOM is very supportive of the 8(a)
12 program. They really like it. They've had some very,
13 very good, successful relationships with 8(a), but the
14 nature of this beast -- this is an IDIQ contract. We
15 are not required to give you all the work. If this was
16 a requirements contract -- let's say it was a
17 requirements contract for roofing. If Fort Lewis were
18 to do any roofing on installation, they're required to
19 give it to the requirements contract. They can't go
20 around it unless -- there is a caveat to that. If they
21 were rehabbing a building in its entirety and roofing
22 was a part of it, that is not a requirement to go under
23 the roofing contract because it's complete renovation.

24 But since this is an IDIQ, it's going to boil down
25 to -- if the 8(a) contractor is successful,

1 competitively priced, timely, quality work, I don't
2 think they'd have a reason to go to J & J. The 8(a)
3 contractor themselves probably will make the
4 determination for them to either use you or not.

5 MR. HEIM: One thing we cannot do
6 and we will not do is we're not going to job shop.
7 We're not going to work you against J & J or whatever.
8 We're going to have to feel this out and find out where
9 your talents are. They're a much larger organization
10 and may have different assets than you will. I'm not
11 sure how this will work, but we're going to give you
12 absolutely every chance to show that you're the
13 contractor that we want to work with.

14 I think what we're hearing and seeing as far as
15 budget projections for the next several years is there
16 should be plenty of money to go around and satisfy
17 everybody. Again, our business is feast or famine. If
18 we go to war with Iraq tomorrow, they could steal every
19 penny we have. And I'm sure if you've worked with the
20 Feds before, you know how this is. A lot of this is out
21 of our hands, we don't have any control over it, but
22 it's our intentions to treat you fairly and use you as
23 much as we can. We just need to see who you are, what
24 your abilities are, things you're good at, some things
25 you might not be good at. I don't know. We will work

1 with you.

2 MR. WILSON: Any other questions?

3 MR. BATHURST: I have a question.

4 Chuck Bathurst with Straightline Construction. You had
5 alluded to the fact that the JOC guide was added in
6 Section J as an attachment and said there was specific
7 reasons. Could you elaborate on hypothetical reasons
8 why that is?

9 I don't know if that question makes a lot of
10 sense, but you had said that you added it in to cover
11 more areas. It wasn't included prior, in the past, the
12 JOC guide.

13 MR. WILSON: I'm sorry --

14 MR. BATHURST: You said there were
15 issues that came up that precluded that you added this
16 Section J. You had made that statement.

17 MR. KHATENA: Let me -- you want me
18 to answer it?

19 MR. WILSON: Go ahead.

20 MR. KHATENA: What it amounts to is
21 that the JOC steering committee for the Army gives
22 guidance to the government about how the JOC ought to
23 operate and what the contractors should be expected to
24 do down to some details that the contract itself doesn't
25 quite establish. You can't write everything down in

1 black and white and that kind of stuff.

2 So to bring some clarity to the issue is like --
3 for instance, the contractor -- we're told that in order
4 to -- that JOC is to be an expedient tool to get
5 construction done, but then the contractor shall be used
6 to develop the contract documents to the best -- to the
7 most of its use, basically to get the contractor --
8 leverage the contractor to do the sketches, the detailed
9 scope of work, so the government isn't doing it. You're
10 going out to the scope validation site visit, and so the
11 expectation is that you're going to develop the
12 documents.

13 If you get some documents from the government,
14 then if there's some gaps of information, then you are
15 to add more information to the documents to make it more
16 whole, those kinds of things. I think that was one of
17 the issues where the contractor would come back and say,
18 "You didn't give me enough information."

19 Well, that's what the scope validation visit is
20 all about, to bring that to fruition. And there's a
21 handoff. The government says, "Here's what I have. Now
22 give me back a little bit more to further define and
23 more completely define the project."

24 Perhaps that helps.

25 MR. BATHURST: Well, yeah, I think

1 so.

2 MR. WILSON: Another thing that they
3 had an issue in -- now that I've thought about -- is
4 we've had in the past modified the task order that was
5 done, and the contractor submitted his proposal not
6 using the unit price book. And we go, "No, any action
7 under this contract is under the umbrella of the unit
8 price book. The modification must be done under the
9 unit price book."

10 He says, "It doesn't tell me that. Where does it
11 tell me that?"

12 And so it got to a real nasty point of him getting
13 his attorney versus our attorney to discuss whether the
14 unit price book was required to do the mod. Well, the
15 JOC tells you the unit price book is to do all actions
16 under the contract.

17 So now we're saying, "All right. We'll put --"
18 because the unit -- the guide book is as it says, it's a
19 guide. It is for the government, as a guide, to do a
20 JOC. For years, there were no regulations to do a JOC.
21 There are some now that supports the JOC guide. So we
22 just felt it was easier to go ahead and give you the
23 guide that tells you how we're to do it and how to
24 operate it.

25 And it -- it gives you information on how we're

1 supposed to evaluate the who, what, where, and when. It
2 tells us how it's supposed to be run, how it's supposed
3 to be managed. So we're just giving it there, but it's
4 a catchall that the regulations don't cover but yet the
5 guide recommends. So we just said, "All right. Since
6 this is all we have, we're going to make it part of the
7 contract."

8 Any other questions?

9 MR. KHATENA: Let me state something
10 else about the guide. Most of it is about how to get a
11 JOC contract going and how to get it awarded, you know,
12 the packages and all that. So there are only a few
13 sections in there that you'd want to look at in terms of
14 execution. I think Section 5 is the big one, although
15 there are some other elements in there.

16 MR. HEIM: I did have another
17 thought that came to me related to his question. As I
18 mentioned, we sometimes don't have a lot of control over
19 our money, you know. It comes in bunches. One of the
20 things that is important to us -- and I guess it would
21 be important to you to include in your proposal -- is to
22 show or demonstrate your ability or how you would be
23 able to handle multiple jobs at the same time.

24 Quite frequently, we'll go through stretches where
25 we have no money and then several jobs at the same time.

1 Your ability to be able to handle multiple jobs at once
2 would be a factor that might require us to go to J & J
3 or whoever the global JOC contractor would be, so --

4 MR. WILSON: And time to respond to
5 those.

6 MR. HEIM: Correct. I don't know
7 how many of you have worked in a hospital. We're a
8 little different. I've worked in public works on post,
9 several installations, and there's a higher sense of
10 standards here. There's a higher sensitivity to some
11 issues. Doctors and nurses, by nature, they're not very
12 patient, so your ability to respond, to mobilize
13 quickly, is of value to us.

14 There's also some issues that you will deal with
15 here in the hospital that you wouldn't deal with
16 elsewhere that you'd need to be aware of. Scheduling is
17 a little bit more riskier in a facility like this with
18 patients, obviously. Infection control is a big issue,
19 having to plan and deal with that. You normally don't
20 have those issues around the installation proper.

21 There's a lot of -- not a lot, but more regulatory
22 permitting that we might have to deal with here. For
23 example, in working on a fire alarm system or doing some
24 kind of welding in the hospital that affects the fire
25 alarm system, we have to go through some extra

1 procedures. So it's just something to be aware of, that
2 you're dealing with a different beast here, a little bit
3 more of a bureaucratic situation, and your ability to be
4 able to react to that is important to us.

5 I'm not sure how you would be able to demonstrate
6 some of that through the proposal, but -- also, I guess
7 this is worth mentioning. We put a high value on --
8 when dealing with our systems in your willingness to
9 cooperate with us and using OEM, original equipment
10 manufacturers, either the firms themselves or parts.
11 It's important to us that we -- we can't tell you -- we
12 can't mandate that you do this, I guess, but we like to
13 suggest, many times, sole sourcing certain things for
14 certain equipment. That sometimes puts you folks in a
15 position to having to work with companies that aren't
16 necessarily easy to work with sometimes or -- how do I
17 say this, Casey? We put you in difficult situations,
18 and we would like to put you in difficult situations --

19 MR. COX: Stressful.

20 MR. HEIM: It's an issue that we
21 have to deal with here because we have a lot of systems
22 that we like to keep as they are. For example, we work
23 with Simplex fire alarm systems. It's critical that we
24 don't mix and match systems. AMSCO transfer switches,
25 stuff like that. So we value your willingness to

1 cooperate in those areas.

2 MR. KHATENA: And I think when it
3 comes to, you know, a question of price and if in fact
4 the unit price book won't support the price for a sole
5 source, then what we will do is we will negotiate a
6 modifier to the price for that type of item. We have a
7 line item for it, that kind of thing, but you don't get
8 to compete it. So what we'll do is we'll do an addition
9 as a nonpreprice item modifier so that we can cover your
10 costs, but, you know, vendor quotes are going to be
11 necessary so that we'll know what it is that's being
12 proposed to you-all from your vendors.

13 MR. HEIM: We will never get into a
14 situation where we're going to mandate the -- a
15 situation where you're going to have to accommodate us
16 and lose. We've never been there. It's not good
17 business for us, and it's not good business for you.
18 Our goal is to have a contract where everybody's happy;
19 we get a good job. You walk away; you're smiling
20 because you've made money; your sub has made money. The
21 user is happy. So we always work with this.

22 And like Al said, when we get into these
23 situations -- and it's not very often -- we sit down and
24 we work it out somehow.

25 MR. KHATENA: Basing at the

1 hospital, as Jeff was alluding to, I mean, you don't get
2 to -- you may have a 5,000 square foot rehab job, but
3 you can only work 100 square feet at a time, and you
4 don't get to take out all the sheetrock, and you don't
5 get to gut the area altogether, so, you know, there's
6 going to be an assumed plan. At some point, you'll have
7 the phasing plan. If that doesn't work out, then we'll
8 make adjustments to the schedule, but we do -- whatever
9 we negotiate, we want you to adhere to unless something
10 has changed. Then there's a changed condition, and
11 we'll deal with that.

12 As long as you're working directly with the
13 facility and they're pleased with your work and you're
14 communicating, very important, then things will go
15 smoothly, as they have over the many years that we've
16 been working. There's a learning curve in the
17 beginning. It just -- but the contract is requesting
18 those that have experience, hospital experience, at the
19 program manager level, project management level, and
20 superintendents, so it's not like we're just saying
21 anybody ought to be applying for this contract, offering
22 on this contract. It's -- we want the credentials that
23 come with it to assure that we have people that know the
24 hospital business, already have those sensitivities
25 built in.

1 MR. WILSON: Also, in response to
2 your question about the JOC guide, another issue is the
3 JOC guide says you're supposed to negotiate method of
4 work, so there has to be a methodology of performance
5 you're going to do. Well, if you submit a proposal to
6 hand paint a room at the highest cost in the unit price
7 book for painting and the user agrees to this price and
8 this method and you come in there with spray guns and
9 spray it in about 15 minutes and walk out and expect to
10 get the profit, you won't.

11 You have negotiated your method was to hand paint,
12 and therefore, their inspectors will expect to see hand
13 painting. If they wanted spray, then they'd have done
14 that in the negotiation and gotten you to change that in
15 your proposal to what -- the same method. So that's
16 another purpose of the unit price book. We've had a lot
17 of problems with contractors negotiating for the
18 difficult price, the higher price, and then going in
19 there with a quick job and doing it at a lesser price in
20 order to jack up their profit. So there's been a lot of
21 bitter fights over that issue.

22 All we're saying is we're negotiating the method,
23 and we expect you to do the work under that same method
24 that you negotiated the price for.

25 Any questions? Any other questions?

1 MR. LeVANDER: Brent LeVander,
2 Centennial Contractors again. I was wondering -- and I
3 realize the budget for this upcoming year is unknown. I
4 was wondering if you could give us some very broad
5 numbers as far as annual work accomplished, historical
6 type numbers, what's been --

7 MR. KHATENA: Let me try and address
8 some of that just for a moment. I know I'm not here
9 from Madigan, but I have had some discussions with your
10 predecessor, Chuck Cole.

11 He's still around, isn't he?

12 MR. HEIM: Yes.

13 MR. KHATENA: And basically, the
14 estimated annual maximums reflect --

15 MR. LeVANDER: Okay. Thank you.

16 MR. KHATENA: -- that expectation.

17 MR. LeVANDER: So you've based the
18 maximum on a historical pattern?

19 MR. KHATENA: Yes. It's not a
20 guaranteed amount.

21 MR. WILSON: I mean, we all know
22 under government contracts, that they probably have a
23 list of about \$40 million worth of work they'd love to
24 get done, but that's not realistic. And obviously, the
25 more we are overseas doing what we're doing, more money

1 is being taken away from installations to cover that
2 issue.

3 MR. HEIM: If we had this meeting
4 here a month from now, I could probably give you a
5 detailed list of project by project of things that we
6 would intend to throw at you, but the list, the
7 priorities, how this shakes out -- and I -- we also deal
8 with funding the projects for Alaska and for California.
9 They're in our region. So it's kind of hard to figure
10 out where the money goes. Until we get a solid number
11 from our headquarters, we're shooting in the dark.

12 MR. WILSON: And of course, that
13 solid number a month from now could change 30 days after
14 that.

15 MR. HEIM: Yes. That's the
16 frustrating part of our business.

17 MR. BATHURST: I had a question for
18 Jeff. Chuck Bathurst with Straightline. In regards to
19 architectural engineering services, I'm assuming that
20 the hospital has as-builts, either hard copies or
21 something that might be something that could be e-mailed
22 on maybe CAD or something like that? I'm just wondering
23 from that standpoint how difficult that could be.

24 MR. HEIM: We have great as-builts.
25 They're on a card file system, most of them, not on CAD.

1 So whatever you need is available. Normally, you'd have
2 to come and get it or we could send it to you, but a lot
3 of it is not e-mailable. We have -- you couldn't find a
4 place that has better as-built drawings than this place,
5 and we've maintained them fairly well. Now, that speaks
6 for this facility. Old Madigan, different story, but we
7 do our best to provide you with the best drawings we
8 can.

9 We didn't talk about this, but kind of the rule
10 that we operate under is what we expect from you in
11 terms of a final product -- if we give you a nice CAD
12 drawing, we expect a CAD drawing in return marked up.
13 If we give you something on a napkin, that's what we
14 expect in return unless we specify otherwise. The
15 reason is we have a hard time finding adequate drawings
16 with some of the on-line facilities, and a lot depends
17 on your demonstrated ability to work with our limited
18 designs. Sometimes we can scratch stuff on a napkin
19 and you guys can take it and work with it; sometimes
20 it's a little more difficult.

21 But generally speaking, we will be providing you
22 fairly detailed drawings as part of the proposals.

23 MR. KHATENA: I have to say that
24 you're going to be working with a pretty savvy team over
25 here. They know what they're doing. They know the

1 facility and will more or less be directing you than
2 asking you for recommendations. You're going to have a
3 lot of support from here, and therefore -- Jeff's
4 comment about, you know, they've basically got all the
5 engineering folks they need, but perhaps architectural,
6 structural, some things that may need additional help on
7 the professional services side, and one of the things
8 being, if they want more sophisticated drawings than on
9 a napkin and they can't provide you that, then there's
10 going to be that element in professional services that
11 will be ordered and paid for.

12 MR. WILSON: Anybody else? If
13 nobody else has any comments or any questions, I guess
14 we'll call this to an end.

15 (Proceedings concluded.)
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